

Message Text

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ACTION NEA-10

INFO OCT-01 AF-08 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-01

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07

PA-01 PRS-01 XMB-02 OPIC-03 DHA-02 JUSE-00 FTC-01

/128 W

-----080857Z 068860 /21

R 080731Z MAR 77

FM USINT BAGHDAD

TO SECSTATE WASHDC 4259

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY SANA

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

C O N F I D E N T I A L BAGHDAD 0421

E.O. 11652: GDS

TAGS: PFOR ETRD

SUBJECT: ARAB BOYCOTT

REF: (A) STATE 43697, (B) STATE 43706, (C) STATE 43693

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1. ON MARCH 3 I DELIVERED FULL TEXT OF SECRETARY VANCE'S
STATEMENT ON BOYCOTT LEGISLATION TO FONMIN DIRECTOR GENERAL
OF BOYCOTT AFFAIRS HASSAN HAMEED. I EMPHASIZED THAT USG,
IN PROPOSING THIS LEGISLATION, WAS NOT ATTEMPTING TO INTRUDE
ON SOVEREIGN RIGHTS OF OTHER NATIONS, BUT WAS CONCERNED THAT
PRESENT ARAB BOYCOTT PRACTICES SEEMED TO INTRUDE

ON OUR OWN SOVEREIGN RIGHTS. WHILE WE DID NOT QUESTION THE RIGHT OF ARAB STATES TO MAINTAIN A PRIMARY BOYCOTT AGAINST ISRAEL, WE DID OBJECT TO THEIR ATTEMPTS TO USE U.S. COMPANIES AS AN INSTRUMENT IN CARRYING OUT THEIR BOYCOTT POLICIES.

2. I THEN BROUGHT UP QUESTION OF POSITIVE CERTIFICATION AND NOTED THAT SOME ARAB COUNTRIES HAD AGREED TO ACCEPT POSITIVE CERTIFICATIONS IN LIEU OF NEGATIVE CERTIFICATIONS. AT THIS POINT, HAMEED INTERRUPTED AND SAID THAT ALL ARAB COUNTRIES ENFORCING THE BOYCOTT FOLLOW THE SAME BOYCOTT OFFICE GUIDELINES. HE SAID THAT THESE REQUIRE A TWO-PART STATEMENT. THE SUPPLIER MUST FIRST MAKE A POSITIVE CERTIFICATION OF THE COUNTRY OF ORIGIN OF THE GOODS AND THEN MUST CERTIFY THAT NONE OF THE COMPONENTS OR RAW MATERIALS USED IN ITS MANUFACTURE COME FROM ISRAEL. I CALLED HAMEED'S ATTENTION TO THE REMARKS ON POSITIVE CERTIFICATION MADE BY SECRETARY VANCE IN HIS STATEMENT.

3. I THEN RAISED THE QUESTION OF ASKING U.S. FIRMS TO SUPPLY INFORMATION ON THEIR RELATIONS WITH ISRAEL AND POINTED OUT THAT THIS COULD CAUSE EMBARRASSMENT AND HARM TO THE SUPPLIERS. HAMEED RESPONDED THAT HE BELIEVED THIS WAS AN ESSENTIAL PART OF THE BOYCOTT OPERATION. HE POINTED OUT THAT SOME INFORMATION WAS REQUIRED SO THAT THE ARABS COULD AVOID DEALING WITH COMPANIES THAT WERE STRENGTHENING THE ARMED FORCES OR THE ECONOMY OF ISRAEL, A STATE WITH WHICH THEY WERE AT WAR. HE SAID THAT THE CONFIDENTIAL

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BOYCOTT WOULD NOT BE APPLIED AGAINST FIRMS THAT WERE ONLY SELLING CONSUMER GOODS TO ISRAEL, BUT WOULD BE APPLIED AGAINST FIRMS THAT WERE SELLING ARMS TO ISRAEL OR WERE STRENGTHENING THE ISRAELI ECONOMY BY INVESTING IN ISRAEL OR BY ENTERING INTO LICENSING ARRANGEMENTS WITH ISRAELI COMPANIES. THE PURPOSE OF THE BOYCOTT WAS TO AVOID THE TRANSFER OF ARAB RESOURCES TO ISRAEL THROUGH THE MEDIUM OF FOREIGN COMPANIES THAT INVEST IN ISRAEL OR OTHERWISE TAKE POSITIVE ACTIONS TO STRENGTHEN THE ISRAELI ECONOMY.

4. HAMEED SAID THAT THE IRAQI GOVERNMENT DOES NOT DISCRIMINATE ON THE BASIS OF A PERSON'S RACE, RELIGION OR NATIONAL ORIGIN AND THAT LEGISLATION MAKING SUCH ACTIONS ILLEGAL WOULD CREATE NO PROBLEMS FOR IRAQ.

5. COMMENTS: IRAQIS HAVE CLEAR CONCEPT THAT BOYCOTT SHOULD BE USED TO PREVENT TRANSFER OF ARAB RESOURCES TO ISRAEL VIA WESTERN COMPANIES. ECONOMIES OF BOTH ARAB WORLD AND ISRAEL ARE HEAVILY INTEGRATED WITH ECONOMY OF WESTERN

COUNTRIES, AND IRAQIS VIEW FOREIGN FIRMS INVESTING OR OTHER-
WISE SUPPORTING ISRAELI ECONOMY AS PART OF ISRAELI ECONOMY.
BOYCOTT ACTION AGAINST THESE FIRMS IS THUS CONSIDERED AS
AN ESSENTIAL PART OF PRIMARY BOYCOTT EVEN WHEN SUCH FIRMS
ARE LEGALLY DOMICILED ELSEWHERE. IRAQIS WILL NO
DOUBT RESIST ANY ATTEMPT BY USG TO PREVENT U.S. COMPANIES
FROM SUPPLYING INFORMATION THEIR INVESTMENTS, TRADE
MARK, OR ROYALTY ARRANGEMENTS WITH ISRAEL AS A PRE-CONDITON
FOR DOING BUSINESS. IF CONGRESS PASSES LEGISLATION
MAKING IT ILLEGAL FOR AMERICAN COMPANIES TO SUPPLY SUCH
INFORMATION, IRAQIS WILL PROBABLY SHIFT MOST OF THEIR
COMMERCE TO WEST GERMANY, JAPAN, AND OTHER THIRD-COUNTRY
CONTRACTORS AND SUPPLIES.
WILEY

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Message Attributes

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Control Number: n/a
Copy: SINGLE
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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22 May 2009
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